

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----067319 182301Z /65

R 181952Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7819
SECDEF WASHDC
AMEMBASSY COPENHAGEN
INFO USMISSION USNATO
USNMR SHAPE
USCINCEUR VAIHINGEN

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EXDIS

MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

COPENHAGEN PLEASE PASS TO AMBASSADOR KOMER AND DASD
SIENA WITH SECDEF PARTY

E.O. 11652: XGDS-1
TAGS: MPOL, MARR, US, GW
SUBJECT: AWACS, GEPARD, AND THE "TWO WAY STREET"

REFS: (A) BONN 6941 DTG 141705Z APR 78
(B) BONN 6942 DTG 141720Z APR 78
(C) BONN 7111 DTG 171822Z APR 78
(D) KOMER-SMYSER CONVERSATION OF APRIL 13

BEGIN SUMMARY

OPPOSITION MEMBERS OF THE BUNDESTAG HAVE EXPRESSED
TO US THEIR CONTINUING INTEREST IN AWACS BUT ALSO RAISED
THE PROBLEM OF "COMPENSATION." THE REMARKS OF ONE MEM-
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BER SUGGEST THAT THEY MAY WISH TO HAVE US LOOK AGAIN
AT THE GEPARD LEASE. END SUMMARY

1. FOLLOWING UP THE VISIT OF SECRETARY BROWN AND RECENT
US-FRG DISCUSSIONS ON AWACS AND GEPARD, THE POLITICAL
COUNSELOR DISCUSSED THESE SUBJECTS WITH OPPOSITION
BUNDESTAG MEMBERS WERNER MARX AND CARL DAMM. MANFRED

WOERNER, THE HEAD OF THE DEFENSE COMMITTEE, HAS BEEN INVOLVED IN A SPECIAL INVESTIGATIONS COMMITTEE AND HAS NOT BEEN AVAILABLE.

2. THE POLITICAL COUNSELOR IN THESE CONVERSATIONS HAS STRESSED THE COMMON US-GERMAN INTEREST IN A SUCCESSFUL NATO SUMMIT. HE HAS ALSO STRESSED THE DESIRABILITY OF URGENT PROGRESS ON THE LTDP AND AWACS.

3. BOTH MARX AND DAMM EXPRESSED CONCERN ABOUT THE ADDITIONAL STRAIN ON THE GERMAN BUDGET THAT THE LTDP MIGHT REPRESENT. ON THE OTHER HAND, THEY AGREED IT WAS IMPORTANT TO DISCUSS THE PROGRAM IN VERY POSITIVE TERMS DURING THE SUMMIT. THEY SAID THEY HAD LOOKED AT IT IN THAT LIGHT, BUT IT SEEMS CLEAR THEY ARE NOT AT PRESENT PREPARED TO COMMIT ADDITIONAL FUNDS BEFORE THE SUMMIT.

4. AS FOR AWACS, THE POLITICAL COUNSELOR STRESSED THE STEPS THAT THE US HAD ALREADY TAKEN ON THE "TWO WAY STREET" AND THE US COMMITMENT TO STANDARDIZATION AND INTEROPERABILITY. HE CITED OUR PURCHASE OF VEHICLES, OUR CONTEMPLATED TESTING OF OTHERS, AND THE DECISION TO USE THE 120 MM GUN. HE ALSO CITED THE CONSIDERABLE TECHNOLOGY TRANSFER INVOLVED AS WELL AS THE HEAVY GERMAN SHARE IN THE PRODUCTION OF AWACS AND IN THE BENEFITS FROM OPERATIONS. THE POLITICAL COUNSELOR
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STRESSED THAT WE DID NOT REGARD THESE ACTIONS AS A KIND OF HORSE TRADING, BUT AS A SIGN THAT WE WERE SERIOUS ABOUT MOVING TOWARD COMMONALITY.

5. MARX ACCEPTED THESE POINTS. IN CONTRAST, DAMM SHOWED CONSIDERABLE INTEREST IN THE PROSPECTS FOR GEPARD. THE POLITICAL COUNSELOR SAID THAT THE US HAD BEEN PUT OFF BY THE VERY HIGH COST OF A GEPARD LEASE IN RELATION TO THE USEFUL TIME OF THE SYSTEM.

6. DAMM SAID THAT HE THOUGHT THESE ISSUES COULD BE SOLVED. HE INDICATED THAT, IF THE US WERE TO MAKE A DECISION IN PRINCIPLE FOR A LEASE, KRAUSS-MAFFEI WOULD BE PREPARED TO BOOST ITS PRODUCTION RUN SO THAT GEPARD WOULD BE AVAILABLE FOR LEASE AS EARLY AS THE LATE 1979/EARLY 1980 TIME FRAME. HE ALSO SAID THAT HE WAS CONFIDENT THE GERMAN ARMY, IN THE INTEREST OF STANDARDIZATION, WOULD BE PREPARED TO MAKE HALF A DOZEN SAMPLES AVAILABLE SO THAT THE US ARMY COULD BEGIN TRAINING CADRES WITH THEM BY THE END OF THIS YEAR OR EARLY NEXT YEAR.

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7. AS FOR THE LEASE PRICE OF GEPARD, DAMM SAID THAT HE BELIEVED KRAUSS-MAFFEI AND THE RELATED CONSORTIUM WOULD BE ABLE TO ARRANGE AN ANNUAL PRICE WHICH WOULD BE QUITE REASONABLE, ESPECIALLY SINCE (DAMM BELIEVED) IT COULD BE ARRANGED FOR THE GEPARDS, WHEN THEY WERE LATER USED AS FOREIGN AID BY THE FRG TO THIRD COUNTRIES, TO BE COMPENSATED AT A HIGHER PRICE IN THE AID BUDGET. HE SAID HE FELT THIS COULD BE MANAGED IF WE WOULD BE LEASING THE GEPARDS FOR AT LEAST 3-4 YEARS. WITHOUT WISHING TO COMMIT HIMSELF TO A FIGURE, HE SUGGESTED A LEASE PRICE OF ABOUT DM 1.5 MILLION FOR SUCH A PERIOD.

8. DAMM ALSO SAID HE BELIEVED MORE COULD BE DONE TO INTRODUCE THE 120 MORE QUICKLY INTO THE XM-1. HE HAD HEARD FROM CONGRESSMAN HILLIS THAT THE US COULD NOT TAKE THE GUN BEFORE 1984 BECAUSE A NEW BREECH AND TURRET HAD TO BE DESIGNED AND BUILT. DAMM SAID HE FOUND IT HARD TO BELIEVE THAT THESE REQUIREMENTS COULD NOT BE MET MORE QUICKLY.

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9. AS FOR AWACS, DAMM SAID HE WAS NOT FULLY IN ACCORD WITH ALL THE POINTS IN THE POLITICAL COUNSELOR'S PRESENTATION. FOR EXAMPLE, HE SAID THAT HE HAD LEARNED FROM HIS CONTACTS IN GERMAN INDUSTRY THAT SOME OF THE AWACS TECHNOLOGY TO BE PRODUCED IN GERMANY WAS NOT AT THE FOREFRONT OF TECHNICAL PROGRESS THOUGH OTHER ELEMENTS WERE. HOWEVER, DAMM ACKNOWLEDGED THE PRINCIPLE OF TECHNOLOGY TRANSFER IN THIS AS WELL AS OTHER INSTANCES, AND SAID IT WAS CLEAR TO HIM THAT THERE WOULD BE A GENUINE GERMAN CONTRIBUTION IN THE CONSTRUCTION. HE INDICATED THAT THIS WAS APPRECIATED, NOT ONLY BY HIMSELF BUT BY OTHER MEMBERS OF THE DEFENSE COMMITTEE.

10. DAMM SAID A PRINCIPAL PROBLEM FOR THE COMMITTEE WAS THAT THE GERMAN GOVERNMENT HAD ONLY PRESENTED AWACS TO THE COMMITTEE FORMALLY LAST WEEK, ALTHOUGH THE GOVERNMENT HAD BEEN WORKING WITH THE MATTER FOR YEARS. HE SAID THIS MADE IT DIFFICULT FOR THE COMMITTEE TO ACT QUICKLY. IT HAD TO LOOK AT THE MATTER, WHICH WAS VERY COMPLICATED, IN A SEARCHING MANNER.

11. DURING THE EXCHANGE ON LTDP WITH DAMM, THE POLITICAL COUNSELOR STRESSED THE IMPORTANCE OF HAVING THE FRG AS WELL AS THE US HANDLE THIS PROGRAM IN A POSITIVE MANNER DURING THE SUMMIT. HE SAID THIS WAS VITAL IF SOME OF THE MORE RECALCITRANT NATO ALLIES WERE TO BE BROUGHT ALONG.

12. DAMM EXPRESSED HIS AGREEMENT WITH THIS PRINCIPLE. HE ALSO OBSERVED THAT IT SHOULD BE CLEARLY UNDERSTOOD THAT THE COMMITTEE, AND PARTICULARLY CDU/CSU OPPOSITION, ALSO WISHED THE SUMMIT TO BE A SUCCESS. HE EXPRESSED
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THE HOPE THAT SOME OF THE IDEAS THAT HE HAD SUGGESTED WOULD CONTRIBUTE TO THAT SUCCESS.

13. THE POLITICAL COUNSELOR SUGGESTED THAT DAMM'S INFORMATION ON GEPARD BE PASSED TO EBERHARD IN THE MOD FOR CONSULTATION WITH DOD, INDICATING THAT HE WAS NOT COMPETENT TO HANDLE SUCH DISCUSSIONS.

14. COMMENT: WE ARE UNABLE TO DEAL WITH SOME OF DAMM'S SUGGESTIONS ON GEPARD IN SPECIFIC TERMS. HE INDICATED THAT HE WOULD RAISE THEM WITH THE MOD (EBERHARD'S OFFICE). WE WILL FORWARD WHATEVER ADDITIONAL INFORMATION WE OBTAIN, BUT BELIEVE THIS MAY BE A MATTER TO BE WORKED OUT BETWEEN THE RESPECTIVE OFFICES CONCERNED

WITH PROCUREMENT MATTERS. END COMMENT.
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